

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRASIL 08385 241559Z

66

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 NSC-05

SS-15 STR-04 CEA-01 /080 W

----- 101665

R 241529Z SEP 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1673

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 8385

E.O.11652: N/A

TAGS: EFIN, BR

SUBJECT: CRUZEIRO DEVALUATION

REF: BRASILIA 7468

1. THE CENTRAL BANK OF BRAZIL ANNOUNCED, EFFECTIVE SEPTEMBER 23, THE TENTH DEVALUATION OF THE CRUZEIRO OF THE YEAR. THE LATEST CHANGE OF 1.92 PERCENT BRINGS THE CUMULATIVE DEVALUATION SO FAR IN 1975 TO 14.53 PERCENT. DURING ROUGHLY THE COMPARABLE PERIOD LAST YEAR (THROUGH SEPTEMBER 18, 1974), THERE WERE EIGHT DEVALUATIONS FOR A CUMULATIVE CHANGE OF 14.72 PERCENT. NEW RATES ARE CR\$8.47 PER U.S. DOLLAR FOR BUY AND CR\$8.52 PER US DOLLAR FOR SELL.

2. COMMENT. THE LATEST CRUZEIRO RATE CHANGE CAME 29 DAYS AFTER THE LAST ONE. DURING THE LAST 12MONTHS, THE CRUZEIRO HAS BEEN DEVALUED BY 19.4 PERCENT. ON THE OTHER HAND, DURING THE 12-MONTH PERIOD ENDING IN AUGUST (FOR WHICH THE LATEST DATA IS AVAILABLE), INFLATION AS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRASIL 08385 241559Z

MEASURED BY THE RIO INDEX WENT UP BY 20 PERCENT.

CONSEQUENTLY ASSUMING THAT THE AVERAGE RATE OF

INFLATION IN BRAZIL'S MAIN TRADING PARTNERS DURING
THE PAST YEAR WAS SOMEWHAT OVER 10 PERCENT, THEN
BRAZILIAN EXPORTS HAVE GAINED SOME COMPETITIVE
ADVANTAGE FROM THE DROP IN THE CRUZEIRO RATE.
JOHNSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, CURRENCIES, DEVALUATIONS, FINANCIAL CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRASIL08385
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750331-0903
From: BRASILIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750919/aaaaaqqe.tel
Line Count: 68
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 BRASILIA 7468
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by CunninFX>; APPROVED <15 DEC 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CRUZEIRO DEVALUATION
TAGS: EFIN, BR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006